



Senate

General Assembly

File No. 64

February Session, 2014

Substitute Senate Bill No. 201

Senate, March 19, 2014

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CANCELLATION NOTICES OF INDIVIDUAL LIFE INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective January 1, 2015*) (a) Each insurer that
2 delivers or issues for delivery an individual life insurance policy in this
3 state on or after January 1, 2015, shall notify an applicant, in writing at
4 the time of application for such policy, of such applicant's right to
5 designate a third party to receive notice of cancellation of the policy
6 based on nonpayment of premium. The applicant may make such
7 designation at the time of application for such policy or at any time
8 such policy is in force, by submitting a written notice to the insurer
9 containing the name and address of the third-party designee.
- 10 (b) The insurer's transmission to the third-party designee of a copy
11 of a notice of cancellation based on nonpayment of premium shall be
12 in addition to the transmission of the original document to the
13 policyholder. The copy of the notice of cancellation transmitted to the
14 third party shall be governed by the same law and policy provisions

15 that govern the notice being transmitted to the policyholder.

16 (c) The designation of a third party shall not constitute acceptance of
17 any liability on the part of the third party or insurer for services
18 provided to the policyholder.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2015</i>	New section
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INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill requires life insurance carriers to allow applicants to designate a third party to receive notices of cancellation. As this concerns private insurance transactions, there is no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 201*****AN ACT CONCERNING CANCELLATION NOTICES OF INDIVIDUAL LIFE INSURANCE POLICIES.*****SUMMARY:**

This bill requires, beginning January 1, 2015, that insurers delivering or issuing individual life insurance policies in Connecticut notify each life insurance applicant of his or her right to designate a third party to receive policy cancellation notices due to premium nonpayment. Insurers must notify applicants of this right (1) in writing and (2) when the applicant applies for the policy. An applicant may make a designation when applying for insurance or at any time the insurance is in force by giving written notice to the insurer with the third party's name and address.

Under the bill, a third-party designee must receive a copy of an original cancellation notice issued to the policyholder. The copy is subject to the same law and policy provisions as the notice.

The bill specifies that the third-party designation does not, in and of itself, make the third party or insurer liable for services given to the policyholder.

EFFECTIVE DATE: January 1, 2015

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/06/2014)